

# ARP Newsletter

August 2005

## Information about the Alternate Retirement Program (ARP)

The Alternate Retirement Program, or ARP, is a retirement savings program that certain State employees are automatically enrolled in for their first two years of employment with the State of California.

It's an "alternate" retirement program because it provides two years of retirement *savings* in lieu of two years of retirement *service credit* under the California Public Employees' Retirement System (CalPERS). Even though you don't earn retirement service credit with CalPERS during this period, you are still a CalPERS member.

The Savings Plus Program (in the Department of Personnel Administration) administers the Alternate Retirement Program.

### **How did I get into ARP?**

You're automatically in ARP because you meet **all** the conditions listed below:

- First hired by the State on or after August 11, 2004;
- Qualify for CalPERS membership in the State Miscellaneous or State Industrial category (ask your Personnel Office if you need this point explained); and
- Meet the definition of "State employee" in Government Code section 19815, which includes, but is not limited to, all Executive branch employees who are not elected to office.

Your Personnel Office can explain your ARP eligibility. Coverage in ARP is mandatory; you cannot opt out.

### **How does ARP work?**

During the two years of State employment when you're covered by ARP, roughly five percent of your paycheck is deducted each month (pre-tax) and deposited in an ARP account for you. (The exact amount of the paycheck deduction is five percent of your monthly gross compensation in excess of \$513. This amount may be subject to change if the CalPERS' retirement deduction changes.)

The ARP account is automatically set up for you as a 401(a) Plan, a type of retirement savings account governed by federal IRS rules.

At the end of this two-year period, your paycheck deductions stop going to ARP and begin going to CalPERS instead. At that time, you start to earn retirement service credit with CalPERS.

### **Where are my ARP funds invested?**

The Savings Plus Program invests your ARP funds in a fixed-income fund. At this time, Savings Plus has chosen the Dwight Asset Management Stable Value Fund for this purpose.

### **Will I receive a statement if I'm in the Alternate Retirement Program?**

Yes. You will receive an annual ARP statement, mailed in August. It shows your total account balance, which consists of the amount you contributed via payroll deductions plus any interest earned.

It's important that Savings Plus has your current mailing address on record to ensure the statements reach you. If your address changes and you're still contributing to ARP, notify your departmental personnel or payroll office of the new address. If you're no longer contributing to ARP or are no longer employed with the State, provide the new address directly to Savings Plus.

### **Are there employer contributions to my ARP account or any fees?**

There are no employer contributions or matching funds; your account consists entirely of money you've contributed via monthly payroll deductions and any interest earnings.

There are no fees assessed to you or your ARP account. Instead, the employer pays an administrative fee for each employee contributing to ARP.

Contact your Personnel Office if you have questions about ARP. You may also refer to *Understanding Your Retirement Benefits: A Fact Sheet for New California State Employees*, available on the Department of Personnel Administration's Web site at [www.dpa.ca.gov](http://www.dpa.ca.gov), under Savings Plus Program.